

GOVERNOR SIGNS GAMBLING ACT – HF 2302

Governor Signs



The Governor signed HF 2302 (Gambling Act) on May 6. The significant differences between the Act and current law include:

- Changes the gambling tax for racetrack casinos and excursion gambling boats. Establishes a graduated tax on racetrack casinos of 22.0% on those below \$100.0 million in adjusted gross revenues and 24.0% on those above \$100.0 million. The Bluffs Run Casino will be taxed at 24.0% only if the Casino table games are operated; otherwise, the Casino will be taxed at 22.0%.
- Specifies a one-time payment of a gaming receipts tax, retroactive to July 1, 2002, of 22.0% of adjusted gross revenues from racetracks with adjusted gross revenues of less than \$100.0 million and 24.0% for racetracks with adjusted gross revenues over \$100.0 million.
- Upon issuance of a table gaming license, racetracks with adjusted gross revenues below \$100.0 million will pay a \$3.0 million license fee for adding table games, and a track with adjusted gross revenues above \$100.0 million will pay a license fee of \$10.0 million. The license fee may be used as a tax credit on future taxes owed to the State, up to 20.0% per year over a five-year period beginning in FY 2009.
- Provides for a tax rate of 22.0% for excursion gambling boats.
- Allows the conversion of an excursion gambling boat to a barge.
- Maintains the tax rate of 5.0% on the first \$1.0 million and 10.0% on the next \$2.0 million of adjusted gross revenues.
- Establishes a new allocation of 0.5% from gaming tax receipts for a Community Endowment Fund. The Fund will disburse monies to counties where no gaming license has been issued.
- Increases the contribution from 0.3% to 0.5% of adjusted gross receipts from racetracks and boats to the Gamblers Treatment Fund.
- Increases the contribution from 0.3% to 0.5% of gross lottery revenue to the Gamblers Treatment Fund.



Fiscal Impact

The fiscal impact of HF 2302 will result in the following significant changes in receipts:

- An estimated \$23.6 million from a one-time, retroactive Gaming Receipts Tax on the adjusted gross revenues of the racetracks for FY 2003 and FY 2004 to the Rebuild Iowa Infrastructure Fund (RIIF). This will be paid by June 1, 2004.
- An estimated \$23.0 million in license fees for table games at the racetrack in FY

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2005. These fees will be allowed to be used as a tax credit of 20.0% each year for five years beginning in FY 2009.

- The new tax rates will generate estimated net State Gaming Tax receipts of \$201.8 million in FY 2005 and \$211.7 million in FY 2006.
- An estimated \$15.0 million for the RIIF in FY 2005 and FY 2006 from a RIIF Assessment of 2.2% of adjusted gross revenues on boats. The Assessment can be taken as a tax credit of 20.0% for five years beginning in FY 2010.
- Changing from an admissions tax to a regulatory fee for regulation at the racetrack casinos will result in a receipts reduction of \$200,000 to the General Fund and \$400,000 to the RIIF in FY 2005.
- An estimated increase of \$349,000 of gross lottery revenue will be deposited into the Gamblers Treatment Fund

More Information

The Fiscal Note for HF 2302 is available on the Legislative Services Agency (LSA) web site at: <http://staffweb.legis.state.ia.us/lfb/fiscalnotes/index.jsp>.

STAFF CONTACT: Douglas Wulf (Ext. 13250)

GOVERNOR SIGNS INVASION OF PRIVACY ACT – HF 561

Governor Signs

The Governor signed HF 561 (Invasion of Privacy Act) on April 26. The Act creates a new crime, invasion of privacy. The Act defines invasion of privacy as limited to certain circumstances and imposes a serious misdemeanor penalty on offenders convicted of the new offense.

Correctional Impact



The correctional impact of creating a new crime cannot be estimated due to insufficient information. However, creating a new offense and imposing a serious misdemeanor as the penalty may increase court caseloads, and increase demand for State prison, Community-Based Corrections (CBC), and county jail resources.

Fiscal Impact

Due to insufficient data, the fiscal impact of creating a new offense under HF 561 cannot be determined. The State's cost for one serious misdemeanor conviction ranges from \$100 to \$5,000.

More Information

The Fiscal Note for HF 561 is available on the LSA web site at: <http://www3.legis.state.ia.us/fiscalnotes/index.jsp>.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

GOVERNOR SIGNS DEPARTMENT OF CORRECTIONS OMNIBUS ACT – HF 2367

Governor Signs



The Governor signed HF 2367 (Department of Corrections Omnibus Act) on April 26. The Act creates the Inmate Labor Fund, which is a restricted fund under control of the Department of Corrections (DOC). Fund receipts consist of any fees, grants, appropriations, or reimbursed costs received by the DOC related to inmate labor. Fund expenditures are restricted to those related to the provision of inmate labor to public entities, such as staff and transportation costs.

Administrative Rules



The DOC will implement Administrative Rules to set the fees authorized under the Act. The DOC is considering a sliding fee scale of \$3.00 to \$5.00 per day per inmate to be charged to public entities. The rules will include a waiver provision. Approximately 1,200 inmates are working for public entities at any given time.

Fiscal Impact

Receipts to the Fund are anticipated to be no more than \$80,000 annually and will be used to offset the costs of providing inmate labor.

More Information

The Fiscal Note for HF 2367 is available on the LSA web site at: <http://www3.legis.state.ia.us/fiscalnotes/index.jsp>.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

**GOVERNOR SIGNS OUT-OF-STATE PRISONERS IN IOWA
JAILS ACT – HF 2471**

Governor Signs

The Governor signed HF 2471 (Out-of-State Prisoners in Iowa Jails Act) on April 28. The Act permits Iowa counties to hold prisoners from other states in county jails. States that send prisoners to Iowa's county jails are required to provide reimbursement to the respective county.

County Jails



The estimated marginal cost per day for Iowa county jails is \$15.00 per prisoner. Counties charge the Department of Corrections for holding certain inmates, such as alleged parole violators pending a revocation proceeding. County charges range from \$48.00 to \$75.00 per day. Counties also contract with the federal Bureau of Prisons to hold federal detainees and inmates. These charges range from \$55.00 to \$100.00 per day.

Factors

Counties will utilize existing vacant beds to house out-of-state prisoners. The increase in receipts for each county's General Fund will vary depending on the following factors:

- Excess jail capacity.
- Lack of jail capacity in other jurisdictions.
- Willingness of other states to house prisoners in Iowa and reimburse counties for that expense.

Fiscal Impact



There is no significant correctional impact. The fiscal impact cannot be determined due to insufficient information; however, counties will have increased receipts due to housing prisoners from other states. Based on information from Allamakee, Hardin, Kossuth, and Mitchell counties, increased net receipts may range from approximately \$12,000 to \$135,000 annually for participating counties.

More Information

The Fiscal Note for HF 2471 is available on the LSA web site at: <http://www3.legis.state.ia.us/fiscalnotes/index.jsp>.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

GOVERNOR SIGNS REGULATION OF SNOWMOBILES AND ALL-TERRAIN VEHICLES ACT – SF 297

Governor Signs



The Governor signed SF 297 (Regulation of Snowmobiles and All-Terrain Vehicles Act) on May 6. The Act provides several changes to the Department of Natural Resources (DNR), including, but not limited to, the following:

- Creates separate State funds for snowmobile and all-terrain vehicle fees.
- Changes the registration fee for snowmobiles and all-terrain vehicles from a biennial fee of \$25.00 to an annual fee of \$15.00 effective January 1, 2005.
- Requires owners of unregistered all-terrain vehicles who register such vehicles after September 1 of each year to pay a \$5.00 fee for the remainder of the current year, in addition to the \$15.00 fee for the following year.
- Increases the writing fee collected by county recorders for issuance of registrations from \$1.00 to \$1.25.
- Requires nonresident operators of all-terrain vehicles to obtain a user permit at a cost of \$15.00 plus an administrative fee.
- Allows moneys appropriated to the DNR for all-terrain vehicle programs to be used for establishment, maintenance, and operation of all-terrain vehicle riding areas.
- Increases fines from \$10.00 to \$20.00 for defective equipment and for vehicle rental violations.

Fiscal Impact



The estimated net fiscal impact of SF 297 is as follows:

- A net decrease of \$39,000 in revenues for the All-Terrain Vehicle and Snowmobile Funds in calendar year 2005.
- An increase of \$385,000 in revenues for the All-Terrain Vehicle and Snowmobile Funds in calendar year 2006.

More Information

The Fiscal Note for SF 297 is available on the LSA web site at:
<http://www3.legis.state.ia.us/fiscalnotes/index.jsp>.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

GOVERNOR SIGNS PUBLIC HEALTH DISASTER FUNDING ACT – SF 2153

Governor Signed



The Governor signed SF 2153 (Public Health Disaster Funding Act) on April 26. The Act permits the Department of Public Health, in conjunction with the Governor, to provide financial assistance to local governments from unencumbered funds appropriated to the Department in the event of a public health emergency or disaster.

Disaster Funding

The Act limits the amount the Governor and Executive Council may provide from the General Fund to \$1.0 million. If funds are needed in excess of \$1.0 million, the Act also requires approval by the Legislative Council.

More Information

The Notes on Bills and Amendments (NOBA) for SF 2153 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba.index.jsp>.

STAFF CONTACT: Lisa Burk (Ext. 17942)

LOTTERY REVENUE AND EXPENDITURES THROUGH MARCH

March Rev./Exp.



The FY 2004 Lottery game revenues through the month of March increased \$23.4 million compared to the FY 2003 level. Lottery prize expenses increased \$8.6 million, operating expenses increased \$2.6 million, and transfers to State funds increased \$11.4 million. The following table details revenues, expenditures, and balances of the Lottery. Rows and columns may not add, due to rounding.

STATE LOTTERY

July Through March
(Dollars in millions)

	<u>FY 2003</u>	<u>FY 2004</u>	<u>Increase/ Decrease</u>	<u>% Increase</u>
Fiscal Year Beginning Balance	\$ 2.3	\$ 1.8	\$ -0.5	
Game Revenues	\$ 135.4	\$ 158.8	\$ 23.4	17.3%
Interest	0.6	0.5	-0.1	-21.5%
Total Revenue	<u>\$ 136.0</u>	<u>\$ 159.3</u>	<u>\$ 23.3</u>	17.1%
Prize Expense	\$ 78.3	\$ 87.0	\$ 8.6	11.0%
Operating Expense	27.8	30.4	2.6	9.5%
Transfer of Profits	30.5	41.9	11.4	37.2%
Total Expense	<u>\$ 136.7</u>	<u>\$ 159.3</u>	<u>\$ 22.6</u>	16.6%
March Ending Balance	<u>\$ 1.7</u>	<u>\$ 1.8</u>	<u>\$ 0.1</u>	

Comparison to FY 2003



Fiscal year sales through March, compared to the same time period in FY 2003, were as follows:

- Instant ticket sales increased \$11.3 million (18.9%).
- Pick 3 sales increased \$540,000 (12.8%).
- Multi-State Powerball sales increased \$8.7 million (20.7%).
- Hot Lotto sales increased \$1.2 million (28.5%).
- Freeplay Replay sales decreased \$167,000 (68.3%).
- Daily Game sales increased \$132,000 (4.2%).
- Pull-tab sales decreased \$779,000 (3.9%).

Ticket Sales Total Lottery sales through March were \$158.8 million, an increase of \$23.4 million (17.3%) compared to March 2003. FY 2004 sales for the Instant Tickets, Pick 3, Powerball, Hot Lotto, and Daily Game are above sales for the same period during FY 2003.

Vending Machine Sales Monitor Vending Machines began selling in May 2003, with sales of \$1.1 million through March.

Pick 4 Sales Pick 4 sales began September 21, 2003, and replaced Freeplay Replay with sales of \$1.2 million through March.

Estimated Transfers The Revenue Estimating Conference (REC) projected FY 2004 Lottery profit transfers to the General Fund would total \$54.9 million at the March 19 meeting. Actual profit transfer for FY 2003 was \$41.9 million, including \$9.0 million from sales tax; therefore, the REC is currently estimating General Fund Lottery transfers will be \$7.5 million (15.8%) higher in FY 2004 than in FY 2003. The FY 2004 transfers payable to the General Fund through March were \$11.4 million (37.2%) above FY 2003.



REC Estimate The REC projected FY 2005 Lottery profit transfers to the General Fund would total \$55.7 million at the March 19 meeting. The REC is currently estimating General Fund Lottery transfers will be \$800,000 (1.5%) higher in FY 2005 than in FY 2004.

Deduction House File 655 (FY 2004 Administration and Regulation Appropriations Act) required the Lottery to deduct \$500,000 from calculated retained earnings before making Lottery proceeds transfers to the General Fund during FY 2004. This is a continuation from FY 2003 and the impact was a one-time increased transfer of \$500,000 during FY 2003.

Unclaimed Prizes The proceeds transfers for FY 2003 included \$1.2 million from the sales amount for Iowa's share of an unclaimed Powerball ticket sold in Indiana. The proceeds transfers for FY 2004 included \$840,000 from unclaimed Free Play Replay prizes and \$498,000 from unclaimed Powerball prizes.

Sales Tax In addition to the amount transferred to the State as profits, the Lottery transferred \$9.0 million in sales tax during FY 2003. House File 534 (Department of Administrative Services Act) eliminated the sales tax on lottery ticket sales. The amount that was recorded, as sales tax, will now be reported as part of the Lottery profit transfer.

More Information Additional information is available from the LSA upon request.

STAFF CONTACT: Ron Robinson (Ext. 16256)

FY 2004 MEDICAL ASSISTANCE PROGRAM ESTIMATE

Medicaid Estimates



Surplus Range

Staff members from the Department of Management, the Department of Human Services, and the Fiscal Services Division of the LSA met on April 23 to discuss FY 2004 estimated enrollment and expenditures for the Medical Assistance (Medicaid) Program.

The group agreed to an estimated surplus ranging from \$1.5 to \$8.0 million compared to the FY 2004 estimated net appropriation. The estimate takes into account the increased federal matching rate due to the 2003 federal

fiscal relief package. The range agreed to at the February meeting was an estimated surplus of \$0.0 to \$12.0 million for FY 2004.

Medicaid Savings



The estimated range agreed to at the April meeting does not take into account any estimated savings that may result due to HF 2134 (Medicaid Savings Act). These savings are estimated to result in a net savings of \$5.2 million for Medicaid in FY 2004. The savings, if received, would be in addition to the range provided above. Senate File 2298 (FY 2005 Omnibus Appropriations Bill) allows unexpended funds in the Medicaid Program to carry-forward to FY 2005. The legislative intent was that carry-forward savings resulting from HF 2134 be used toward FY 2005 Medicaid expenditures.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Vermeer (Ext. 14611)

OLMSTEAD REAL CHOICES CONSUMER TASK FORCE MEETING

Task Force Meeting



The Olmstead Real Choices Consumer Task Force met April 27 and conducted the following business:

- Received a presentation regarding possible screening and assessment protocol development for services and placement decisions.
- Received an update regarding the Mental Health and Developmental Disabilities Commission actions.
- Reviewed the potential coordination opportunities with the Department of Elder Affairs due to a grant from the federal Centers for Medicare and Medicaid Services for a single point of entry.
- Reviewed changes for a requested extension for the existing Real Choices grant.
- Discussed representation upon the Iowa Disabilities Council.
- Discussed Executive Order 27 with representatives from Executive Branch agencies regarding cooperation with the federal Olmstead Court Order.

Task Force Goal

The Olmstead Task Force was created to coordinate Iowa efforts regarding community placement of individuals in lieu of residence in an institution.

Next Meeting

The next meeting of the Ad-Hoc Committee of the Task Force is June 11. The next meeting of the entire Task Force is July 27.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

STATE EMPOWERMENT BOARD MEETING

Board Meeting

The State Empowerment Board met May 7 and conducted the following business:

- Shanell Wagler, Department of Management, summarized activities involving the Board, the Fiscal Accountability Group, the Early Care, Health, and Education

Building site visit, technical assistance, and outreach activities. Wagler also updated the Board regarding legislation passed during the 2004 Legislative Session that involved Community Empowerment.

- Assigned an Officer Nominating Committee and members to review the Bylaws.
- Discussed marketing strategies for raising awareness of Community Empowerment activities and promoting involvement at the local level.
- Discussed an April 20 meeting with representatives of the Urban Education Network and business community leaders to raise awareness among the business community of the Empowerment Program and the importance of addressing early childhood issues.
- Heard a presentation regarding development of a childcare quality rating system.



Next Meeting

The next meeting will be held July 9.

More Information

Additional information is available from the LSA upon request.

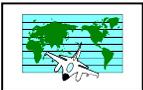
STAFF CONTACT: Lisa Burk (Ext. 17942) Robin Madison (Ext. 15270)

DIRECTOR GORDON TO RESIGN FROM HOMELAND SECURITY AND EMERGENCY MANAGEMENT DIVISION

Resignation

Director Ellen Gordon, Homeland Security and Emergency Management Division, will resign on July 2 to take a faculty position with the Naval Postgraduate School's Center for Homeland Defense and Security. Director Gordon has served as the Administrator of the Iowa Homeland Security and Emergency Management Division since 1986.

Appointments



The Governor has named Major General Ron Dardis, Adjutant General of the National Guard, as the State's Homeland Security Advisor; Commissioner Kevin Techau, Department of Public Safety, as Chair of the Iowa Homeland Security Executive Group; and David Miller, Chief of Staff of the Iowa Homeland Security and Emergency Management Division, as the Division's Interim Administrator.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)
